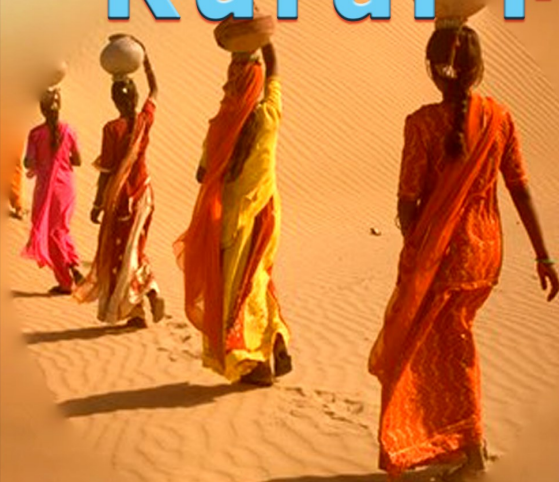




SAMVAD

Igniting thoughts of tomorrow

Rural Management



We Chat

Ramesh Iyer

MD -- Mahindra Financial Services

Featured Article
Incredible India!

Also read
Payment Bank-
The Rural Bank

December 2014



OUR VISION

“To nurture thought leaders and practitioners through inventive education”

CORE VALUES

Breakthrough Thinking and Breakthrough Execution

Result Oriented, Process Driven Work Ethic

We Link and Care

Passion

“The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.” - Alvin Toffler

At WeSchool, we are deeply inspired by these words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities need a new approach both in terms of thought as well as action. Cross disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy-the mind's eye needs to be nurtured and differently so.

WeSchool has chosen the ‘design thinking’ approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

Dear Readers,

It gives me great pride to introduce Samvad issues every month. Our Samvad team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone. I sincerely hope that Samvad will reach new heights with the unmatched enthusiasm and talent of the entire Samvad Team.



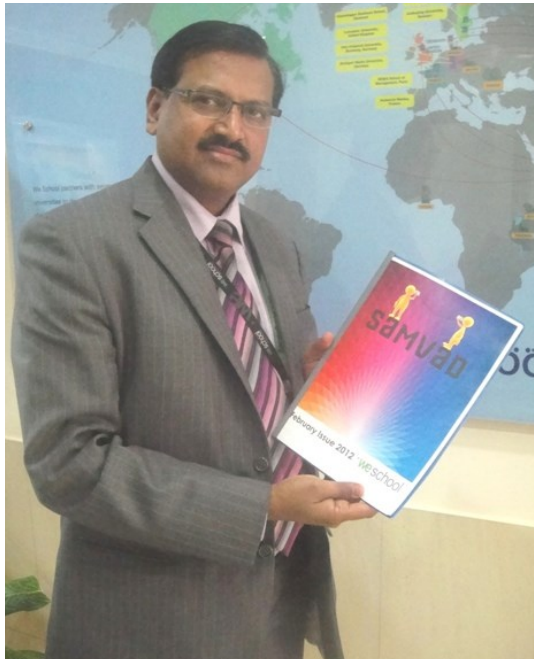
Prof. Dr. Uday Salunkhe,
Group Director

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

Samvad is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

Prof. Dr. Uday Salunkhe,
Group Director



Prof. Dr. Uday Salunkhe introducing the first issue of Samvad

OUR VISION

“To facilitate exchange of ideas that inspire innovative thought culture”

MISSION

To Dialogue

To Deliberate

To Develop

To Differentiate

As the student magazine of WeSchool, Samvad is greatly inspired by the words of Alvin Toffler backed by a strong vision of facilitating exchange of ideas that inspire innovative thought culture. Samvad is a platform for the next generation leaders to bring forth their perspective on management to the world and gives the readers an opportunity to learn, unlearn and relearn on a continuous basis.

The team of Samvad is driven by a set of strong WeSchool values which enable us to create a dialogue leading to knowledge gaining and sharing, to deliberate on the information, to develop a sense of creativity and differentiate our minds with innovative thoughts of tomorrow; today.

Dearest Readers,

Greetings from Team Samvad!

It gives me and the entire Samvad Team immense satisfaction to bring to you the latest issue of Samvad on the theme “Rural Management”.

However, at the same time, I feel disheartened as my Samvad journey as an editor comes to an end with this issue. Nonetheless, I feel extremely honoured to hold the Editor's post of Samvad for an entire year and it would always remain close to my heart. Working in Samvad has helped me immensely to develop myself both on the personal and professional front and I would like to thank Prof. Jalpa Thakker and the entire Samvad Team without whom it would not have been possible to deliver Samvad every month. Further, I would like to wish the new team the very best. This issue is completely designed by them and I am sure they will take Samvad to greater heights.

74 million of Bank Accounts have been opened under the Pradhan Mantri Jan DhanYojana Scheme in the rural areas alone, which tells you how rapidly the Rural Sector in India is expected to grow in the next few years. With this growth, the specialized area of Rural Management is expected to play a major role in order to sustain this growth in the rural market and make it potentially a business friendly proposition.

To give you more insights on a career in this sector, we have Mr. Ramesh Iyer (MD, Mahindra Financial Services), a distinguished personality in the Rural Management Sector. Hope the interview adds lot of value to your reading. The featured article focusses on the “Incredible India Campaign” and it tells you how the campaign depicted the real essence and beauty of the Indian Culture and Heritage and in the end managed to promote Tourism in many parts of Rural India.

We are thankful for all the wonderful comments, compliments and suggestions for improvisation by you all and we are striving for the best. We hope with this issue we provide you with different perspectives on this sector. We will be happy to hear if you personally wish to enter this sector or have a vision to bring about a disruptive change at the grassroots level. It's time we ignite our thoughts in to actions for a better tomorrow.

Hope you will like reading this issue. Feel free to give us your feedback.

Read Better to know Better...!!!

Best Regards and Bidding Adieu,

Anurag Chatterjee

Editor

Samvad- Igniting Thoughts of Tomorrow

Team Samvad would like to extend its heartfelt thanks to certain key members of the WeSchool family for their special efforts towards the making of this magazine.

We deeply appreciate the constant motivation & encouragement that our beloved **Group Director Prof. Dr. Uday Salunkhe** has always given us. His vision & result orientation has been the driving force in creating brilliant leaders and making WeSchool a name to reckon with, not only in India but also globally. His focus on the core values of Passion, We Link & Care, Result Oriented Process Driven Work Ethic and Breakthrough Thinking has formed the foundation of all the activities that we undertake as students of this esteemed institute.

We deeply appreciate the help and support given to us by both **Prof. Amarkant Jain** and **Prof. Deepa Dixit**. Their insight and expertise is our driving force to ensure the sustainability of our magazine.

We appreciate **Prof. Indu Mehta** for her help in selecting the best Marketing articles. She is a part of our core Marketing faculty at WeSchool.

The Finance articles were scrutinized by **Prof. Sapna Malliya** and we thank her for choosing the most relevant and informative articles.














We appreciate the efforts of **Prof. Jyoti Kulkarni** for selecting the most interesting articles in General Management domain.

The Human Resources articles were scrutinized by **Prof. Rimmi Joneja** and **Prof. Mohandas Nair**. We thank them for choosing the best articles.

We would like to thank **Ms. Yashodhara Katkar**, General Manager - Liaison, WeSchool and her PR team for helping us to reach out to our readers. Also, we thank **Ms. Prachi Shah** and her team for helping us out in the PR activities of Samvad

We are indebted to **Prof. Jalpa Thakker** for all her help and guidance in the making of Samvad. Her insight and suggestions have been of tremendous benefit to us. The Samvad Team would truly be incomplete without her.



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An Interview with Mr. Ramesh Iyer

By: Team Samvad

(MD, Mahindra Financial Services)

1. Please take us through your professional journey, especially your work in the rural sector?

Mahindra Finance started its operations in the year 1995 and had undertaken a business model to provide credit support to customers from the rural segment for purchase of vehicles and tractors.

The entire rural economy is cash driven which is all income generated in cash either out of sale of farm products / freight / passenger fare collected while transporting goods and people through vehicles or even when vehicles and tractors are hired out for contract segment. It was extremely important to understand customer cash flows and design a unique lending parameter which could help take credit decisions.

Even the monthly installments from customers had to be collected in cash and we had to face unique challenges like large sums of money collected across the country on a daily basis which required to be banked. There were also challenges of sometimes receiving soiled notes, even at time duplicate notes at the local level.

Considering the fact that the entire business model is being executed at the local levels, substantial efforts had to be put in recruiting local employees from local areas, train them and eventually ensure that adequate control mechanism were in place for a smooth operation. In order to provide localized service to customers,



all our branches had to be located at the semi-urban /rural centres. Even technology introductions had to be specifically designed to support customer requirements. Over a period of last 20 years, we have serviced upward of 3 million customers through around 1,200 branches covering customers ranging from farmers to contractors, to traders to self employed drivers in around 2,60,000 villages.

2. How do you assess the true relevance of Pradhan Mantri Jan Dhan Yojana? As a corporate how can you leverage on this scheme?

We believe this will help the rural population to get their amounts under different schemes directly in their Bank accounts. This will surely help build a credit culture and savings habit in the rural population. With such introduction they will then get into main stream banking . As a Corporate surely it will help take a better informed credit decision when such customers approach for credit support.

3. How difficult is it to get best of people work for financial services in rural areas when there are ample opportunities outside?

It is important to understand the challenges associated with working in the rural. While it may be difficult to convince urban resource to work in rural, but one can always get enough educated, knowledgeable resource to work for rural opportunities. One should also be willing to invest in training programme to align the locally recruited strength to the needs of the organization.

4. How has technology helped integrate rural CRM (Customer Relationship Management) with your routine business?

It is always difficult to integrate CRM packages in the absence of formal data. When you start working in the rural, one has to start collecting enough information and also use local knowledge about the customer, their needs, etc. and run efficient CRM initiatives.

5. What are the most difficult customer-related challenges that you have faced during your tenure?

The rural economy is a highly cash driven economy, i.e., they buy and sell everything in cash. As a Finance Company, more than 80% of our customers repay installments in cash. Challenges related to handling and control of cash is the most severe. Almost all our customers are from the earn and pay segment and therefore their cash flows remain always stretched. Any impact on the rural economy has a direct impact on this segment of customers resulting in repayment challenges. The segment of customers are farmers whose success depends on climatic conditions. With lack of irrigation, lower monsoon or excess monsoon has severe impact on the rural economy.

6. What is the risk appetite/averseness of the rural customers when it comes to taking loans?

They normally borrow only for livelihood products. They look to acquire assets through loan which earns enough to repay installment and also leaves a balance for better living. They normally do not easily borrow for aspirational products.

7. Innovation in which key areas do you think is mandatory for companies to lead in the rural financial services market?

It is absolutely important to design products and services based on cash flow sequence. It is also important to align recovery patterns to seasonal cash flows. It may become necessary to revise terms and conditions based on crop yield, support price etc. even during tenure of the loan. New methods will need to be used to handle cash at any point of time.

8. Lastly, please share the one advice that you would like to give the young budding students who wish to make a career in the Rural Sector?

Rural is clearly India's future. This will be the new big market for all companies looking for growth in India. What is important is to design product and services that suits the rural needs and should be communicated in the most simple easy to understand manner. All those who are focusing on rural market should be willing to spend enough time in the field so as to gain relevant knowledge and experience.

—O—

Incredible India Campaign

By: Mukti Maloo, MBA (2014-16), NMIMS, Mumbai

“The rural opportunity is 70 percent of the country’s population, 815 million people or 151 million households.”

- Late Dr. C. K. Prahalad

Life in rural India is simple and routine. Work is worship. Community gatherings are sporadic yet lively. Houses are far apart due to vast, adjoining agricultural fields. Travel to the nearest town is a big affair and gossip is transmitted through the marketplace, from passing visitors or the privileged few who own telephones or receive letters from other parts of the country. This has helped preserve the rural ways and maintain a culture mostly untouched by western influences.

At the other end of the spectrum lies the urban lifestyle – fast-paced, deadline oriented and dynamic, which has given rise to the ‘counter-urbanization’ syndrome. People are increasingly seeking opportunities of breaking away from their usual work-lives and putting their feet up in a rural setting, which is not only relaxing but also healthy and vastly different from the lifestyle they have become used to. This has led to the rise of rural tourism.

Any form of tourism that depicts rural life, heritage, culture or art forms at rural locations, or benefits the rural community economically or socially, and involves interaction between locals and tourists to result in a more enriching experience for both, is rural tourism. It usually involves countryside living, and adopts a particular facet of eco-tourism, adventure tourism, cultural tourism, nature tourism or farm tourism. Certain pertinent features include – sparsely populated regions, a predominantly natural environment, experience of local customs, tradition and heritage, and a focus on the ‘experience’ per season or local events.

The government and the ministry of tourism have realized the tremendous potential offered by the rural tourism industry in contributing to rural incomes. The ministry started an international marketing campaign in 2002 to promote tourism in India to a global audience, called Incredible India. It engaged the services of advertising/marketing firm, Ogilvy & Mather, to create the campaign. It was branded and officially promoted by the then Joint Secretary under the Union Ministry of Tourism, Mr. Amitabh Kant.



Image Source: <http://incredibleindiacampaign.com/>

Incredible India is a promotional medium. Implementation is done through a convergence committee headed by the district collector. Apart from providing natural assistance, the government is inviting tie-ups with the different schemes of department of rural developments, state governments and other concerned departments. Partnerships with organizations focused on improving hygiene, environment and infrastructure are also invited for assistance.

Each state/union territory has several regions with their USPs marked for promotion, for example, Tingchim district in West Sikkim for trekking and bird- and butterfly-watching, Rajasansi in Amritsar for carpet weaving, Ando in Imphal for bamboo crafts, and so on.

Objective of the campaign:

Encouraged by the success of the Incredible India campaign in attracting foreign tourists to the country, the government extended the campaign to focus on rural India to encourage visitors to the country for an extended stay to enhance earnings of locals.

The campaign:

The tourism ministry devised the campaign plan to reinvigorate and re-energize brand India. Several short films, videos and print ads have been released world-wide to depict India as an attractive tourist destination. The rural campaign focuses on the lifestyle of the villagers, arts and trades peculiar to and particular to that village, food, clothes, the color and vibrancy and 'difference' from other destinations. It seeks to enliven the imagination by depicting a whole new way of life and living to the viewer, creating a desire to visit and experience, firsthand, the uniqueness of that location.



Image Source: <http://incredibleindiacampaign.com/>

Aamir Khan was commissioned to endorse the complementary campaign of Incredible India, released in 2008, titled 'Atithi devo Bhava', Sanskrit for 'Treat guests like God'. It was released to sensitize the local population about hygiene, cleanliness and preservation of culture and heritage. It aimed to re-instill in the minds of the locals a sense of responsibility towards the tourists and their own hometowns, and to build confidence in the minds of foreign tourists for visits to India.

Over the years:

The early campaigns simply focused on creatively highlighting the logo. 'I' for India was used



Image Source: <http://incredibleindiacampaign.com/>



Image Source: <https://www.facebook.com/India.IncredibleIndia>

creatively across visuals.

In the second year, the campaign focused on spiritual tourism. Yoga, temples, massages and natural treatments were depicted through adver-

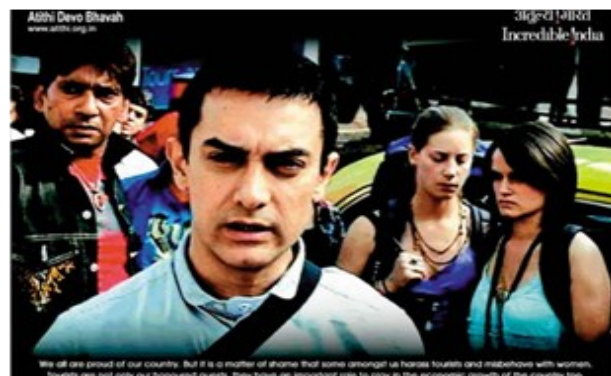


Image Source:

<https://hmmmmmdotcom.wordpress.com/2012/05/16/indian-print-ads-6/>

tisements. The later campaigns, from 2006 onwards, showcased the diversity of India. In 2008, Atithi devo Bhava campaigns were released to promote rural tourism and spread cultural and social awareness for tourism.

Since then, campaigns have focused on destination branding and Indian cultural diversity.

Since then, campaigns have focused on destination branding and Indian cultural diversity.

Assistance to the campaign:

The tourism ministry has tied up with the UNDP (United Nations Development Programme)

to provide vocational trainings to locals, to prepare and educate them in tourism-related skills. The ministry allocates 50 Lakh to each site identified as a potential rural hotspot for infrastructure development, while the UNDP provides ₹20 Lakh for skills development.



Some of the winning entries:

Image Source::

<http://googlestudentclubcoop.blogspot.in/2013/10/incredible-india->

3. The Incredible India experience was also brought alive in the exhibition, Internationale Tourismus Bourse in Berlin, India@60 campaign in New York, to mark India's 60th year of Independence.

Impact:

The campaign was appreciated by travel industry veterans and tour operators alike. Per data released by Visa Asia Pacific, it has led to a major surge in tourism to India which is the fastest growing market for international tourist spending in the world.

The campaign in numbers:

Per the outcome budget of the ministry of tourism for 2012-13,

Growth rate for foreign tourist arrivals in India: 5.9%

Foreign exchange earnings growth (in US\$): 4%

Growth in International tourism receipts: 7.5%

—O—

Additional promotional activities:

1. A six-week photography competition was launched in association with Google+ in September, 2013, where professionals and amateur photographers from around the world were invited to share their photos of India. as a potential rural hotspot for infrastructure development, while the UNDP provides ₹20 Lakh for skills development.
2. United Nations World Tourism Organization conference on Sustainable Tourism Development was a three day conference, held from April 12 to 14, at the Park Hyatt and Taj Falaknuma hotels, by the Indian Tourism Development Corporation (ITDC) for promotion of tourism in India.

Rural Management – An Untapped Potential

By: Darshan Gala, MBA (2014-2016), MET, Mumbai

In the today's world, India occupies a special place. India may be a developing country but it has something that no other country in the world possesses. India has a demographic advantage with a population that's 1.27 billion people that have an average age of 26.7, if this work force is put to good use, it could be highly productive.

With 72.2 % of population living in rural areas in some 638,000 villages with low population density in contrast to urban population living in highly dense areas has not only resulted into overcrowding in urban areas but also unproductive work in rural areas occupying vast area. Can you think of the opportunity cost of that area?

The National Sample Survey Organization (NSSO) defines 'rural' as follows:

- An area with a population density of up to 400 per square kilometer
- ♦ Villages with clear surveyed boundaries but no municipal board
- A minimum of 75% of male working population involved in agriculture and allied activities

According to India in Business Ministry of External Affairs, agriculture, today, employs 58.2% of total labor force and contributes to 14% to GDP. This does not seem productive. The activity and process of managing the development process in the rural areas and meeting the specific but unmet needs of the sector with the formal techniques and skills of the management professional is actually what is called rural management. Thus, this topic, rural management, seems quite interesting as it not only leads to the development of rural but also on a broader scale

the country is better off. With the new government encouraging "Make in India" campaign, the overseas investment is likely to increase with government simplifying the process through one window clearance and reduction in labor laws.

The government is trying to provide banking services to people by taking banks to the people rather than people going to banks and Digital India campaign.



Image Source: indiamicrofinance.com

With this campaign, the business organization is better off and people are getting employment. The government trying to improve infrastructure, provide electricity & water facilities to all. The transportation costs have also reduced due to crude prices falling drastically from \$116 to below \$60. All these might trigger the development process with the factories being set up in rural areas as land is cheap and this will increase the employment thereby improving the situation of rural people and the Indian economy at large.

However, rural inflation needs to be controlled. People need to have better incomes. The wages need to raise so instead of living hand to mouth; they can save and spend on products and services that are generally available only in urban areas. This will attract other industries there will provide more employment, increasing the con-

-sumption of goods boosting the economy overall. FMCG, Pharmaceutical, microfinance are the industries that can gain the most from rural development.

Banking sector has the most to gain with micro-finance. Jan Dhan Yojna, that provides accounts to everyone is a brilliant scheme. The statistics for this are:

S.No		No Of Accounts (In Lacs)			No Of RuPay Debit Cards (In Lacs)	Balance In Accounts (In Lacs)	No Of Accounts With Zero Balance (In Lacs)
		Rural	Urban	Total			
1	Public Sector Banks	425.92	356.79	782.71	643.76	595204.93	571.69
2	Regional Rural Banks	147.2	26.42	173.62	65.45	116581.23	133.01
3	Private Banks	13.76	12.57	26.32	18.58	44957.17	18.5
=	Total	586.88	395.78	982.65	727.79	756743.33	723.20

Image Source: www.pmjdy.gov.in/account-statistics-country.aspx

As can be seen from the above table about 73.57% of the accounts are "Zero balance accounts". The problem with zero balance accounts over a long period is that they don't cover the operating costs of the bank. For banking to pick up banks should be able to cover their costs. When the wages rise that will increase the spending and boost the rural economy.

Loans through banks are better than the ones through moneylenders as the interest rates are lower and they don't exploit farmers like moneylenders do. Also it provides a room for eliminating gas subsidy as with more and more people having bank accounts the amount can be redirected to their accounts thereby reducing the untargeted amount of Rs.30718 being given to those above poverty line who can pay the entire amount which Santosh Mehrotra stated in ET article on "Fuel subsidy- Someone stop the gas leak" dated. 20/12/2014.

According to a study by global consulting firm Accenture, the rural economy accounts for 50% of the country's GDP. It also makes up 70% of the country's population and 50% of the work force. About 75% of new factories built in the past decade have come up in rural India, which

accounts for 75% of all new manufacturing jobs. Since 2000, per capita GDP has grown at 6.2 % a year in rural India compared with 4.2% in urban areas. Between 2009 and 2012, Indians in the countryside spent \$69 billion compared with \$55 billion in big towns and cities. This shows that rural India has lots of potential we just have not realized its potential yet or were to averse to the risks involved.

Can we stop focusing just on the urban areas and think of the bigger picture here? Providing rural India with necessary skills can also boost their employability. This labor force can be exported to other countries as well if they are skilled at international standard acceptable to most countries. It will provide new markets for many domestic as well as international businesses. Rural management can also be looked upon as a carrier option that's lucrative.

To summarize it all, the need of the hour is to focus on rural India as this is where the potential for our overall development lies, quality institutions, better infrastructure, better wages need to be provided and other things will follow. Their uplifting them from poverty is not just beneficial for them but for the Indian economy.

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Payment Bank the Rural Bank

By: Saurabh Gupta , MMS (2013-15), N.L.Dalmia, Mumbai & Madhur Gupta, MMS (2013-15), WE School, Mumbai

Increasing regulatory and policy emphasis on financial inclusion especially in rural areas has become imperative for banks. But current cost structures do not allow them to go full tilt in the hinterland. In the last fiscal, rural branches of public sector banks (PSBs) racked up losses because operating expenditure was high. On the other hand, private banks squeezed out some gains, but these were only a tenth of their overall profitability.

In this context, the Reserve Bank of India came out with a policy, based on the Discussion paper “Banking Structure in India – The Way Forward”. One of the observations in the paper was that there is a need for niche banking in India, and differentiated banking licensing could be a desirable step in this direction. Taking this into account that there is a need for niche banking in India, and differentiated licensing can be a desirable step in this direction.

Objectives

There is a need for savings accounts and transactions for the low income population specifically in the rural areas. Remittances have both, macro-economic benefits for the region receiving them as well as micro-economic benefits to the recipients but higher transaction costs are diminishing these benefits. Therefore, the primary objective of setting up of Payments Banks will be to increase the financial inclusion in India by providing

1. Saving Accounts
2. Remittance / payments services to low income households, migrant labor workforce, small businesses & other unorganized sector entities & other users, thereby enabling high volume- low value transactions in depos-

-its and remittance / payments services in a secured technology driven environment.

Entities eligible to set up payment bank:

- Existing non-bank pre-paid instrument (PPI) issuers authorized under Payment and Settlement Systems Act
- Mobile telephone companies
- Non-banking finance companies (NBFCs)
- Corporate BCs
- Supermarket chains
- Real sector cooperatives
- Companies and public sector entities

Proposed scope of activities of payment bank:

- Acceptance of demand deposits only, i.e. current and savings bank deposits. However, payment banks will initially be restricted to hold a maximum balance of Rs. 1, 00,000 / customer .
- Payments and remittances will be through various channels, including branches, business correspondents (BCs) and mobile banking.
- Payment banks will not be allowed to disburse credit.
- Apart from amounts to be maintained as cash reserve ratio with the RBI, minimum cash in hand, and balances with a scheduled commercial bank/RBI required for operational activities and liquidity management, payment banks will be required to invest all its monies in government securities/treasury bills with maturity of up to one year that are recognized by the RBI as eligible securities for the maintenance of statutory liquidity ratio.

Indian telecom players strong contenders for payment bank licence

Indian telecom companies, with their large customer base (935.81 million users in April 2014, as per data released by TRAI of which more than 40% are in the rural areas) and wide geographical reach are best placed to offer payment banking services considering they already have the infrastructure for it and have started offering mobile wallet (M-wallet) services. They mostly have to invest in core banking solution, but the cost of this won't be high.

While a few large corporate houses and India Post are relatively well-placed on technology and wide distribution network, they still have to depend on the banking channel for cash management purposes.

Supermarkets, on the other hand, are strong in cash management, but would need to significantly improve their IT infrastructure and distribution network. Thus, the spread generated by investing deposits in government securities won't be enough for they will have to spend to set up a technology platform and distribution network.

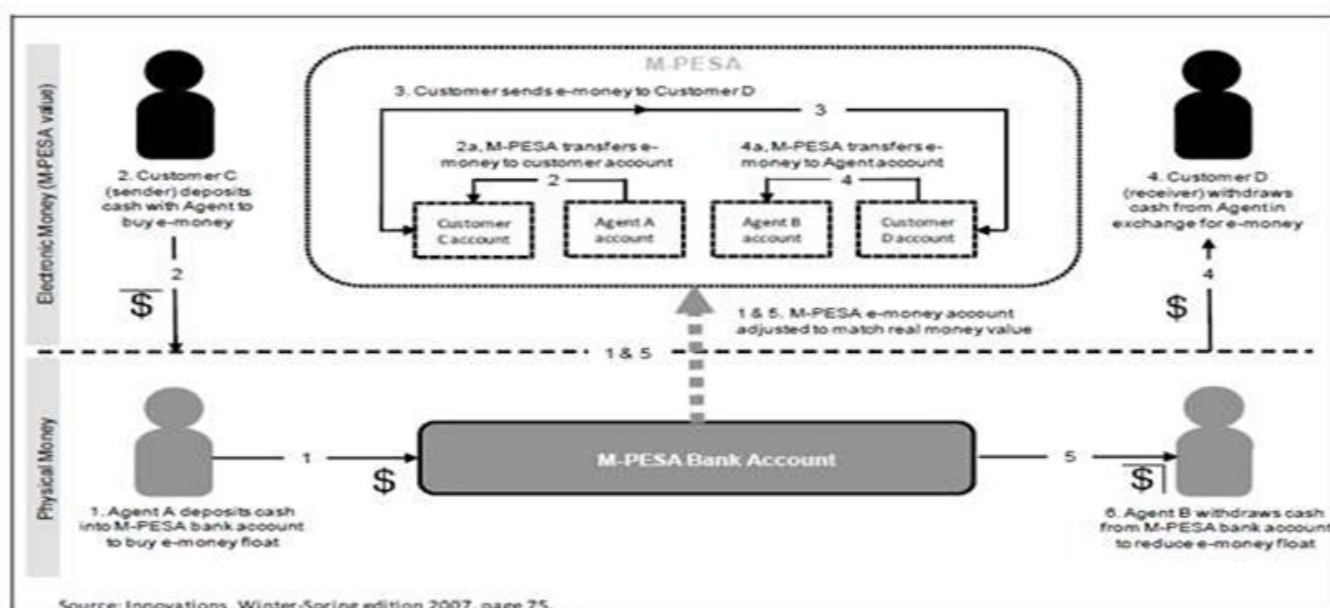
MPESA in a Nutshell

M-PESA was developed by Vodafone and launched commercially by its Kenyan affiliate Safaricom in March 2007.

M-PESA is an electronic payment system that is accessible through mobile phones. To access this service, customers must first register at an authorized M-PESA retail outlet and then they are assigned an individual electronic money account that is linked to their phone number which is then accessible through a SIM card-resident application on the mobile phone.

Customers can withdraw and deposit cash to/from their accounts by exchanging cash for electronic value at a network of retail stores. These stores are paid a fee by Safaricom each time there is a transaction by the customer. Once the customers have money in their accounts, they can use it to transfer funds to other M-PESA users and even to non-registered users, purchase mobile airtime credit, and pay bills. All transactions are authorized and recorded in real time using secure SMS service. Using existing retail stores as M-PESA cash-in/cash-out outlets reduces the deployment costs and provides greater convenience and lower cost to users.

Image Source: <http://www.mitpressjournals.org/toc/itgg/2/1-2>



In March 2013, Safaricom reported that M-Pesa had 15.2 million customers, while revenues from M-Pesa stood at 0.43 billion in March 2013, with an impressive year on year growth of 32 percent.

Key factors for the success of M-Pesa's in Kenya

- (i) Rapid expansion in mobile phone use
- (ii) Kenya's demographic profile is strong as, 17 percent of households depend on remittances
- (iii) Simple, flexible, and inexpensive & Economies of Scale helped them reduce costs.
- (iv) Favorable conditions for banks penetration of new markets
- (v) Government policies

- Mobile money makes it more challenging for consumers, exposing to additional vulnerabilities around theft or identity fraud.
- Sufficient liquidity at access points in rural areas will be a key challenge for telecom companies.
- Marketing expense will be relatively higher as the payments bank will have to establish its brand to attract deposits.
- The draft guidelines say promoter shareholding has to be brought down to 40% within three years, 30% within 10 years and 26% within 12 years from the date of commencement of business. Participants believe the business will not generate any return in the first three years due to which stake dilution will be difficult.

Growth in M-wallet market



Source: Reserve Bank of India (RBI), CRISIL Research

Image Source:

http://www.crisil.com/Ratings/Brochureware/News/CRISIL_Research_Report_Payment_banks_28Nov2014.pdf

Similar factors are also present in India which will make the payment bank business a lucrative business for telecom companies to enter. Also, the M-wallet industry in India in which most telecom companies have entered has grown rapidly and will continue as mobile phone penetration increases. In the last fiscal, the size of the M-wallet market in India has been Rs 27.5

But there are also challenges in operating as a payment bank

A Panorama to Rural Management

By: Sapna Ahuja , PGDM-Rural Management (2013-15), Xavier Institute Of Management, Bhubaneswar

Rural Management is a vast field and cannot be confined to connecting to the literal meaning of “Rural” and “Management”, i.e., managing the rural areas and people. Rural Management is linked not only to the governance of the areas, managing resources of the rural areas, capacity building of rural people, but it extends to working in managerial jobs to build up the infrastructure of rural areas and help in improving socio-economic status of the rural people.



Image Source: <http://indiazone.net>

Rural Management is a context of perspectives; it can be explained through various lenses majorly the lens of state, market, and civil society. Through the lens of the state, development is one of the kinship words abutting Rural Management. Discussing this stream through the relationship between Development, Governance and specifically Good governance, it is very important to first understanding these concepts. Thinkers connect development to being progressive, eliminating social evils, focussing on economic growth, and re-construction of society.

While governance, can be defined as a process of decision making and a process of implementing

decisions. So, governance in short can be said to be a tool for bringing about development. And more so, Good Governance gets vital because governance in itself does not ensure development.

While the 8 characteristics as UNESCAP mentioned in its note on “What is Good Governance?: Transparency, Accountability, Participation, Rule of Law, Consensus oriented, Equity and Inclusiveness, Effectiveness and Efficiency and Responsiveness, are important to understand the essence of Rural Management. In this, the explicitly mentioned participation & equity and inclusiveness are the important ambits of Rural Management. Understanding the problems, needs and potentials of the rural areas through the ‘bottom up’ approach of participation ensures that there is community based monitoring and evaluation of the projects taken up for the rural development, whereas the resources in the economy are fully utilised and the efficiency is maintained.

When we talk about development and governance, we tend to limit to the words like Industrialisation, Privatisation, Liberalization, and Globalization. The government, which holds the executive powers to governance, needs to ensure

that development is consistent and so the broad ideology of promoting growth is also through the above four mentioned areas. But the important point is that the bottom of the pyramid, the foundation of the country lying in the hands of our farmers, artisans, potters, and the major characteristics of Good Governance are sidelined in front of the galloping economic growth

brought in by the industries. Notwithstanding that the government has come up with various schemes and programmes like MNREGA, Jan

Dhan Yojana, Indira Awas Yojana, NRLM, NRHM and various other Pension, widow and old-age schemes to empower the rural people, Rural Management is a stream to help the government use managerial skills to extend the various provisions to the rural areas and make the economy more inclusive to grow consistently. From the lens of a civil society, Rural Management is one of the streams which would bring out the empathetic individuals or group of individuals who work and fight for the welfare of the rural people.



Image Source: <http://indiatoday.intoday.in/story>

The main ideology behind a civil society is to work for the empowerment of the people, then it doesn't take into consideration of working as an autonomous entity, or in hand to hand with the state or market. A civil society looks at Rural Management as a way to shaping managers for building up the foundations of the masses living in a disadvantaged state.

Apart from cockeyed connecting Rural Management to the state and civil society, the lens of market gives a twist to the focus of Rural Management. which is on improving business of the rural masses and producing for the rural masses. It could be conceived in two ways: From the production side, the application of managerial skills for the sectors of rural areas likes agribusiness and allied sectors, microfinance, more so, it is all the more important as it is related to the capacity building of the rural areas. And in the second way: from the selling side, the company manu-

-facturing products/ goods/services for the urban population could stretch out to reaching the rural population by understanding the behaviour of these unique consumers and customizing the product according to their need, which requires managers with special hands on Rural Management.

In a panoramic view, a rural manager is basically a facilitator for the rural areas so that there is development which is sustainable and which pulls up the country's growth in terms of its poverty line, GDP per capita and HDI. He/she might be a government's employee working to empower rural areas by enhancing their skills, giving them appropriate training, providing them jobs for governmental purposes of developing their own areas; or a commercial company's employee working to understand its rural customers to customize products according to their needs; or a civil society's partner / employee who would toil for the provisions necessary for the improvement of the living standards of the low income groups and disadvantaged rural people. They say "India lives in its villages," then it becomes necessary to raise people to nurture this India so that after a long term, they start saying "The strength of India is that India lives its potent villages".

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SOCENTs: Constrained by HR issues

By: Vivek Vijayan, MMS (2013-15), WE School, Mumbai

Introduction

Inclusive growth is something that is fast catching on with the political class of different nations around the world. But not much can be achieved if only the governments take up initiatives to address this specific issue. The corporate world does need to pitch in any way they can. This is where social enterprises come in along with the social initiatives of these private sector corporations. Social enterprises are in special focus, since they can create a chain reaction which can give a trigger to the economy of a nation through the increase in the scale of their operations.

So what are social enterprises or “socents” as they are referred to in general parlance? There was a perception that social enterprises are not-for-profit social organizations which get involved in doing charity work. Well, the truth is slightly different. A social enterprise can be either for-profit or a not-for-profit concern. They are essentially seeking to move away from private capital as well as state lending and have an economy of their own so that they get a larger say in the developmental work they are doing. According to various studies, in India, around 60% of the social enterprises cater to the rural segment.

The challenges

Different studies have shown that in India, social enterprises face human resource challenges that have a direct bearing on their ability to grow, ensure sustainability, scale up and achieve their social goals.

The challenges faced by these are much more

complex and differ from those faced by traditional organizations. These enterprises attract a specific type of worker/employee that believes in achieving the social goals of the company against difficult odds. The social entrepreneur founders also don the hat of an HR head, with the primary task of motivating, up-skilling a young employee base, meanwhile ensuring that the mission of the firm is not lost on them. Building a second layer of leadership is another big challenge, with delegating the responsibilities to those identified for these roles seeming tougher.

The recruitment priorities in Social enterprises display that they seek specific skill sets and characteristics not taught in educational institutions. Hence, one of the major challenges is that of attracting and recruiting resources that are highly educated and bring in relevant work experience and much-required talent to the organization. A limited pool of qualified applicants and the fact that these enterprises cannot afford to offer higher salaries as compared to other sectors are the major stumbling blocks in hiring. This shrinks an already small pool of applicants available for these kinds of roles.

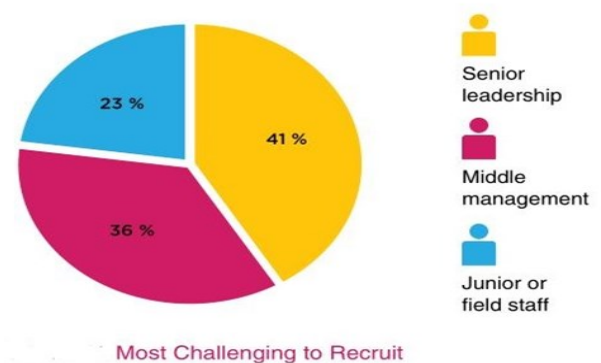


Figure 2 Source: Intellect Survey report

The second biggest challenge faced by these enterprises is that of clearly defining roles and responsibilities which are acceptable to their employees as well as the leadership team. This can be attributed to the fact that majority of the social enterprises - especially those catering to the rural sector - do not have a middle management team which is strong and decisive.

Consequently the third major challenge faced in the area of human resources is that of distributing decision making authority to those beyond the founding members/leadership team.

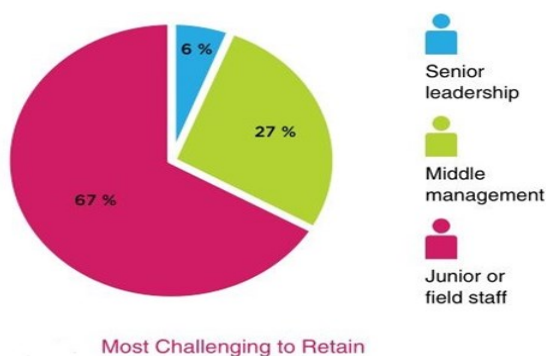


Figure 3 Source: Intellect Survey report

Above all these, retaining the great talent is another big problem facing HR teams in social enterprises catering to the rural as well as urban sector. According to an Intellect 2012 survey, analysis of levels of hierarchy points to the fact that some levels are easier to retain while others are not. The most fluid and mobile level is that at the junior level. This comprises of employees with functionally hard skillsets such as electricians, drivers, plumbers, as well as those provide some kind of service such as nurses, teachers, field sales executives, etc. Retention is not that big an issue at senior levels. These are the employees who have joined to bring some stability in their careers and already have a buy-in in the vision and mission of the organization.

A significant constraint to hiring in the rural sector is that of relocation. Even if the organizations are able to source the right talent from urban areas, convincing them to move to rural areas for work responsibilities is a major hindrance.

The solutions:

Alternate hiring: This is one area where significant change can be brought in by giving the option of working part time to the new joiners. Another alternative already working for the social enterprises is the significant inflow of interns on a short-term basis.

Employee Buy-in to the mission: This is significant at the senior managerial positions which actually drive the profitability and the social goals of the organization in a balanced way. So it is very crucial that they align their personal and professional goals to that of the organization's mission.

Detailed Orientation programs: These are sessions which are kept before the formal interview wherein the prospect is given detailed information about the nature of the job and also about the organization. Some organizations keep functional tests that test the candidates in a simulated in-market situation.

Performance Appraisals: These can be done quarterly or half-yearly for the highly mobile levels i.e. the junior levels, with annual appraisals for all other senior levels.

Training: Social enterprises can partner with educational institutions at the local level and also universities for many of the functional and technical training requirements. Training is an important facet to retaining employees as it demonstrates to the employee that the organization is concerned about their work and would also like to invest in it.

Conclusion

As we can see, the human resources problems faced by social enterprises are a myriad mix inter-linked at all levels. These have to be solved in a part-by-part manner and cannot be tackled as a whole. Only then the real goal of the social enterprise – sustainability with profitability would be attained!

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MNREGA and Rural Livelihood

By: Anuja Kadam, MMS (2014-16), WE School, Mumbai

During the great depression of the 20th century when USA was jostling with grave economic slowdown, John Maynard Keynes famously said - "The government should pay people to dig holes in the ground and then fill them up." The idea sounded ludicrous to most economists at the time but the proposal was nevertheless accepted by the then president, F.D. Roosevelt. Today in a different era and a different land, albeit with a more refined and foresighted approach, the Indian government has set out to do something similar to ensure a fair and secure livelihood for the rural populace. Although India has grown manifold, there is a stark contrast in the rate at which the urban sections have grown vis-à-vis the rural areas. Over the years India's reforms concentrated on industry and services, while the sectors that have been left untouched are agriculture, land, labour and retail. Leading the pack of problems that have been left unresolved are the sectors where the bulk of the population resides. Thus over the years the rural sector in India got completely side-lined by the reform process. The National Rural Employment Guarantee Act 2005 is a positive step in this direction and landmark social security legislation.

There has been a growing need to look at the rural employment scenario, an issue much neglected so far. Over the years the work force engaged in agriculture has gone down considerably and instead the rural employment is immensely driven by labourers and daily wage earners. There aren't many strict laws protecting these labourers and hence they have been severely exploited by contractors and the like. MNREGA addresses this challenge by stipulating no involvement of contractors or machinery in the jobs allotted and also guaranteeing the card holders a fixed basic wage and minimum 100 days of work.



Image Source: <http://www.sahasasamay.com/regional/rajasthan.html>

MNREGA is a relatively new legislation and is not even a decade into its implementation on the ground so far. However given the wide reach and the stated objectives of the Act, its performance is of concern to everybody including academicians, planners, policy makers and grass root level activists. This programme has sought to achieve several objectives. It is a novel wage employment scheme that the government of India embarked on so as to protect the rural populace from exploitation. Also it is an attractive instrument for poverty alleviation in the rural sector where livelihoods are primarily based on farming and work might not be available all year round. In such situations where the people suffer from considerable under or unemployment, a wage employment programme helps rural families earn a decent wage to sustain their lives. The Act also intends to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. Thus it provides a rights based framework for

wage employment.

There is much that MNREGA promises on, from the perspective of women's empowerment as well. In a rural milieu marked by stark inequalities between men and women, MNREGA has ushered in affirmative action on gainful employment as well as the wage rates applicable for each of them. It requires at least 33 percent of the workers to be female and also the wages offered for both the genders is the same with no disparity amongst them.

MNREGA also helps in developing good quality assets which can be used by the village as a community asset. The works permissible under MNREGA consist of projects such as water conservation and water harvesting, afforestation, drought proofing, irrigation canals, rural connectivity, land development etc. Also the Act ensures time bound work allotment to the villagers wherein they are entitled to an unemployment wage in case they aren't allotted work within 15 days of registration. An innovative feature of the Act is the pivotal role of social audits and public vigilance which ensures public accountability in the implementation of projects. Thus, the social audit promotes transparency, participation, redressal and participation. With access to a dignified livelihood near their own villages, there has also been reduction in distress migration to urban areas as a result of the differences in the opportunities available to the people in rural and urban areas. Rural migration to urban areas happens as people venture out to the urban areas in search of greener pastures when they cannot survive on their earnings in their own villages. In view of such prevailing situations, the programme not only protects the villagers from an uncertain and informal urban employment which is usually in the form of contract labour but also gives them the opportunity to retain access to the government benefits and services which are usually available to registered residents. MNREGA as a programme has immense potential to improve the gap between urban and rural India and lead to rural development

through basic infrastructure like roads etc and also agricultural productivity through irrigation works etc. While there is access to primary and middle schools in most villages in the country, there is hardly any access to vocational training and industrial training centres.



Image Source: <http://headlinestoday.intoday.in/programme/mnrega-scram-madhya-pradesh-mp-govt-centre.html>

In absence of such training centres, most rural people are not able to get training to become skilled labour and in turn these people find it difficult to seek gainful employment and end up susceptible to the exploitation of contractors and the unorganised informal sector. MNREGA thus provides a safe alternative to men and women who aren't skilled but are vulnerable to distress migration or unprotected contractual labour.

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Driving Social Change through GCL

By: Jigar Padhiyar & Pardeep Singh, PGDM-Rural Management (2014-16), WE School, Mumbai

Welingkar Institute has a vision to nurture thought leaders and practitioners through an inventive education module. WeSchool's PGDM-Rural management (emerging economies) program has stemmed from this very belief. There is a growing need in the corporate sector for managers and future leaders, who have deep understanding and remarkable knowledge about the rural sector of India. The PGDM- Rural Management program has been delivering persistently on this front, for the past three years, ever since its inception in 2012.

To pursue its keen institutional interest in research and innovation, We school has partnered with the Centre for Creative Leadership (CCL), based in Greensboro, USA; for the ambitious Global Citizen Leadership (GCL) program, under which the students are taken through an intensive research process, grounded in leadership and innovation, to work on projects that have an impact on the business and society. Most of the projects are based on 'challenge statements' sourced from the corporate world. The on-field research component of the rural sector projects in GCL is done through 'exploring the grass

roots' program. It is a rural immersion program that aims to sensitize the future managers and policy makers towards the rural milieu, by understanding the consumer needs and market potential.

As part of the 'exploring the grassroots' program, students of PGDM-Rural Management (2014-16) stayed at the *Aine* village (Dahanu sub-district, Palgadh district, Maharashtra) for a week in December 2014. The students stayed with the NGO named '*Gram-Mangal*', which runs a school in the village that has been running since 1982 and was started by Padma Shri winner, Mrs. Anutai Wagh, for the education and empowerment of the tribal people living nearby.

The program began with the students being divided into five groups and given team projects pertaining to the domains of finance, demand generation, cold chain, hygiene and productivity. The students met different stake holders such as the tribal people, retailers, entrepreneurs, farmers, SHGs, banks, hatts, cooperatives, small and medium scale industries etc. The projects, on which the students were working, were



a culmination of two months of rigorous preparation and planning, put in by the students of the rural management batch, under the GCL program.

During GCL the students were assigned mentors from the college as well as from the industry, so as to analyse the project from an academic as well as industrial prospective. The students prepared questionnaires and a stake holder map to ascertain who has a stake in the project and whom to approach to get the stakeholders perspective for their projects.



Image Source: <https://staloysiuscomm.wordpress.com>

On the first day in *Gram-Mangal*, the students had to familiarise themselves with the NGO workings, the village set-up and also meet with the Sarpanch of the village, who instructed them on how to interact with the tribal people and how to behave in front of them. The batch met

all the stake holders, asked questions and gained some insights from them. They also documented the photos, voice and video recordings of the interviews for further analysis.

After a day of travelling, information scouting and the interviews, the students got together in the NGO and it became a practice, to share these experiences every night throughout the week long stay over there. Every night students participated in fun activities, which helped build team spirit and also gave them a chance to get to know one another very closely. On the last night

in *Gram-Mangal*, the music teacher at the tribal school arranged a music night and performed the traditional tribal songs with the students singing along with her. After coming back from the visit, all the groups were to analyse the data and focus their acquired understanding on finding the solution to one of the pain points in the problem.

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We invite articles for the January 2015 Issue of Samvad.

The Theme for the next month: January 2015 - “Best Of 2014”

The articles can be from Finance, Marketing, Human Resources, Operations or General Management domains.

Submission Guidelines:

- Word limit: 1000 words or a maximum of 4 pages with relevant images.
- Cover page should include your name, institute name, course details & contact no.
- The references for the images used in the article should be mentioned clearly and explicitly below the images.
- Send in your article in .doc or .docx format, Font size: 12, Font: Constantia, Line spacing: 1.05' to **samvad.we@gmail.com**. **Deadline for submission of articles : 31'st January, 2015**
- Please name your file as: <YourName>_<title>_<section name e.g. Marketing/Finance>
- Subject line: <YourName>_<Course>_<Year>_<Institute Name>
- Ensure that there is no plagiarism and all references are clearly mentioned.
- Like our Fb pg: [Samvad.WeSchool.Student.Magazine](#).

Samvad Blog

As said by Ann Morough Lindburg, “Good communication is as stimulating as black coffee and just as hard to sleep after.” Samvad, which means 'to converse' in Hindi, is exactly the motive of our team Samvad. Our readers and writers are of utmost importance to us at Samvad. We don't like to interact with you only once when the issue is released. So, we thought, what next? Then came the idea of a blog - the ideal platform for meaningful discussion on a more regular basis. Hence, we present to you 'The Samvad Blog'. The Samvad Blog, as the name suggests is a blog dedicated to sharing of information, insights and opinions that allow exchange of some valuable ideas by stimulating your intellectual senses. It will include some interesting reads on management gurus, book reviews, and relevant articles among many other varieties of food for thought.

<http://samvadwe.blogspot.in/>

Don't forget to comment with your opinions. Always have a healthy debate we say! As progression lies not in agreement, but debate!



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